eHR Cloud Transformation: Implementation Approach and Success Factors

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ABSTRACT

The article covers process models for HR IT projects and in particular for HR transformation projects. Based on the authors’ experience, an applied process model for HR transformation projects in a cloud-based environment is derived. The article identifies findings applicable to the fields of organisation, business, and IT as well as decisions and critical success factors in the specific context of cloud-based HR solutions.

KEYWORDS:
Cloud-Based HR Solutions, HR, HR Transformation, IT

1. INTRODUCTION AND OBJECTIVES

The research on electronic human resources management (e-HRM) covers two distinct and widely separated fields of academia and practical management: information technologies (IT) and human resources management (HRM). This article will aim at analysing both of them from a holistic and a practice point of view, contributing to the research gap. Therefore, it will analyse fields such as IT and HRM, and how much more effort is needed to bring and integrate them together. There are three focal fields in HR digitalisation: digital employees, work content and digital employee management (Strohmeier and Parry 2014). “Digital employees” refers to the upcoming generations with a high affinity to IT entering the labour market (Prensky 2001). The “work content” defines how to work in a digital working environment while the “digital employee management” refers to applications that “support and network the HR profession”. This article focuses on the latter and especially on how to transform HR processes into the digital world with the help of cloud technology. This article is organised in the following way. The article opens with an overview of the evolution of e-HRM including the varying definitions of the terms itself. Subsequent, the impact on the academic research is depicted as well as the implications on the industry using e-HRM solutions. Challenges that arise when transforming HR into the digital world are discussed next. Based on this, a brief overview of project management approaches is depicted and a process model that matches the peculiar requirements of HR transformation projects into a cloud environment is derived. Next, a case study based on experiences from several transformation projects follows. The article finishes by discussing the implications of this article for researchers and practitioners.

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2. STATE OF ART

2.1. IT Supporting HR

Following we discuss the steady evolution of IT supporting the HR digitalisation and the definition of the term electronic HRM. This is followed by a brief overview on the research in the academic and the impact of e-HRM on the industry, closing with challenges that are faced by HR transformation projects.

2.1.1. Evolution and Definition of Electronic Human Resources Management

Already in 1940 with the advent of computers, personnel record keeping and payroll are one of the first cases of “mechanical” HR. During the next 20 years, some skill inventory and screen testing applications are developed by the aerospace and defence industry (DeSanctis 1986). In 1960 employee data is automated, followed by payroll and benefit administration (Martinsons 1997). Tetz (1974) claims that by the late 1960s one must base effective HR decision on a wider range of personnel information. This requirement is met in the ‘70s when more than half of the largest US banks and insurance companies already use computer systems for HR and during that decade, companies with a few thousand employees implement new HR systems (DeSanctis 1986). With the acceptance of the competitive advantages of computers in the 1980s (McFarlane 1984), interest for digital HR rises, resulting in about 40% of companies having a system and according management for it in place.

HRIS (Human Resource Information Systems) is the new term arising, which Kavanagh et al. (1990) define as an integrated computer system that enables an organisation to store, edit, analyse and distribute human resources data.

Another synonym for digital HR shows up in the ‘90s. With the advent of the “e-” trend (e.g. e-commerce) in the business world, “e-HR”, electronic HR follows. e-HR develops in three phases, from simple HR information publishing to HR transaction automation and finally the most elaborate stage of HR transformation (Lengnick-Hall and Moritz 2003).

Zafar (2013) postulates that the difference between HRIS and e-HR is the end user. While HRIS focuses on the HR department, e-HR addresses all employees. Broderick and Boudreau (1992) add to that definition, that during the early ‘90s HRIS has “mostly been used to improve HR decisions with better information” enabled by digitalising the employee records, payroll and compensation information.

Lepak and Snell (1998) proposed an alternative definition with the term “virtual HR” as “the network-based structure built on partnerships and typically mediated by information technologies to help the organisation acquire, develop, and deploy intellectual capital”. They differentiated the following subclasses of outcomes of virtual HR: operational (e.g. reduction of costs), relational (e.g. giving access to HR information or enablement to execute HR processes as a self-service) and transformational (e.g. the transformation of HR to become a strategic business partner).

In the early 2000s, with the advent of the Internet, the web-enabled, web-based, intranet-based HRIS (Raiden et al. 2001; Bondarouk and Ruël 2009), which enables the employee to actively participate in the HR processes over the web, show up. This classification indicates that the HR-centred focus is blurred as HRIS addresses all employees instead of the HR department.

A widely accepted definition of electronic human resource management (e-HRM) is elaborated by Strohmeier (2007) as the “application of information technology for both networking and supporting at least two individual or collective actors in their shared performing of HR activities”.

With the ongoing development of (Internet) technology in the last decade, the implementation and application of e-HRM increases (Strohmeier 2007). Thus, the advent of new cloud technologies (Lin and Chen 2012) and the offer of e-HRM cloud solutions (Jafari Navimipour et al. 2015; Zapotocny 2015) will increase the amount of implementation projects (Harris and Spencer 2016). IT based HRM have been classified as well as innovation management tools (Hidalgo and Albors 2008; Albors-Garrigos et al. 2018).